

## 67th LEGISLATURE—FIRST CALLED SESSION

of 10% per year unless otherwise provided by law. A statute that is in effect on the effective date of this subsection and that sets as a maximum interest rate payable on bonds issued by the Veterans' Land Board a rate different from the maximum rate provided by this subsection is ineffective unless reenacted by the legislature after that date.

Sec. 3. This proposed constitutional amendment shall be submitted to the voters at an election to be held on November 3, 1981. The ballot shall be printed to provide for voting for or against the proposition: "The constitutional amendment authorizing the issuance of additional bonds to finance the veterans' land program and to increase the maximum interest rate allowable on veterans' land fund bonds."

Passed by the House on August 9, 1981: Yeas 100, Nays 0; passed by the Senate on August 10, 1981: Yeas 31, Nays 0.

Approved Aug. 14, 1981.

Filed with the Secretary of State, Aug. 14, 1981.

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## PROPOSED CONSTITUTIONAL AMENDMENTS—EXCESS STATE REVENUE, GUARANTEE OF LOCAL GOVERNMENT OBLIGATIONS, AND INTEREST ON BONDS

H. J. R. No. 6

Proposing a constitutional amendment to dedicate excess state revenue to certain special funds, to authorize state guarantee of certain local government obligations, and to increase the allowable interest rate on certain bonds.

*Be it resolved by the Legislature of the State of Texas:*

Section 1. That Article VIII of the Texas Constitution be amended by adding Section 24 to read as follows:

Sec. 24. (a) If the total amount of state tax revenue that is collected in a particular biennium and that is not otherwise dedicated by this constitution exceeds the limitation on appropriations of state tax revenue for that biennium under Article VIII, Section 22, of this constitution, one-half of that excess state tax revenue is dedicated to the special fund or funds created to carry out the purposes under Subsection (b) of this section. All or part of the remaining one-half of the excess state tax revenue may be dedicated by law for any purposes determined by the legislature including the creation of state bond retirement funds under this section. As soon as possible after the end of each biennium, the comptroller of public accounts shall determine the amount of the excess state tax revenue and, subject to Subsection (g) of this section, shall deposit one-half of the excess state tax revenue in the fund or funds created under Subsection (b) of this section and all or that part of the remaining one-half of the excess state tax revenue to any other fund or funds created by law to which excess state tax revenue has been dedicated by the legislature.

(b) The legislature, by law, shall create one or more special funds in the state treasury for use for or in aid of water development, water conservation, water quality enhancement, or flood control or any combi-

## PROPOSED CONSTITUTIONAL AMENDMENTS

nation of these purposes and shall provide the manner in which deposits will be made to the fund or funds, the purposes for which the fund or funds may be used, and the manner in which money in the fund or funds will be made available. To the extent that the action does not impair contracts previously entered into obligating money on deposit in the fund or funds created under this subsection, the legislature, by law, may use money dedicated by Subsection (a) of this section to the fund or funds created under this subsection for purposes other than those purposes provided in this subsection. Money on deposit in the fund or funds created under this subsection shall not be used to finance or aid any project that contemplates or results in the removal from the basin of origin of any surface water necessary to supply the reasonably foreseeable future water requirements for the next ensuing 50-year period within the river basin of origin, except on a temporary, interim basis.

(c) In addition to any program established by law to be funded with money from funds created under Subsection (b) of this section, the legislature, by law, may provide for the creation, administration, and implementation of a bond guaranty program in which the state pledges its general credit in an amount not to exceed \$500,000,000 to the payment in whole or in part of the principal of and interest on bonds or other obligations that are issued by cities, towns, counties, districts, authorities, and any other political subdivisions of the state as defined by law for any of the purposes for which the fund or funds created under Subsection (b) of this section may be used. The state agency authorized by law to administer this bond guaranty program may be authorized by law to execute guarantees that bind the state to make payment of the principal of and interest on the bonds in the event of their default. The payment, if any, of any guarantee executed under this subsection shall be made from the first money coming into the state treasury that is not otherwise dedicated by this constitution. Notwithstanding the total amount of guarantees executed under this subsection, the total amount paid by the state under this subsection, excluding the costs of administration, may not exceed \$500,000,000. The ratio of guarantees to the total liability of the state under this subsection shall be established by law.

(d) The legislature, by law, may create and may dedicate state revenue to one or more state bond retirement funds in the state treasury for the purpose of making provision for the payment of state bonds. In this section, "state bonds" means bonds that have been issued by the state or by its agencies, departments, or officers as general obligations, guaranteed by the full faith and credit of the state, and that are designated by the legislature for payment from a state bond retirement fund created under this section.

(e) If one or more state bond retirement funds are created under Subsection (d) of this section, the comptroller of public accounts or other state officer designated by law shall certify the date as of which the principal amount of the investments held by each respective fund, together with the earnings on the investments, are in such amounts and, according to their terms, will mature and become due at such times as will provide on a timely basis, without the necessity of reinvestment, sums of money that, together with uninvested money on deposit in the fund, to a mathematical certainty, are sufficient to pay, when and as due, the principal of and interest on the state bonds to which each respective fund is dedicated. After the date of a certification under this subsection, the amounts transferred to that bond retirement fund, together with the prin-

## 67th LEGISLATURE—FIRST CALLED SESSION

principal of and earnings on the investments held by the fund, shall be used exclusively for the purpose of paying, when and as due, the principal of and interest on the state bonds to which that fund is dedicated. So long as those amounts are sufficient to pay, when and as due, the principal of and interest on the state bonds, further payments from any other funds of the state established to pay those state bonds are not required. However, all state bonds, whether or not provision for their payment is made under this section, shall continue to be general obligations of the state, guaranteed by its full faith and credit under this constitution. After the full payment of all state bonds to which a debt retirement fund is dedicated, any remaining amount in that fund shall be transferred to the general revenue fund.

(f) After a date certified by the comptroller of public accounts or other state officer designated by law under Subsection (e) of this section, the receipts, revenues, and funds pledged by another section of this constitution, by law, or by a contract of a state agency or officer to the payment of the state bonds as to which the certification is made may be used for or in aid of any of the purposes for which the proceeds of the state bonds to which the receipts, revenues, and funds were pledged may be used under this constitution. However, the legislature may provide by law that all or part of the pledged receipts, revenues, and funds may be used for or in aid of other public purposes.

(g) The legislature by law may limit the amount of excess state revenues that may be deposited to the fund or funds created under Subsection (b) of this section.

(h) Any fund or funds created under this section shall be invested as authorized by law. The investment earnings of the fund or funds created under this section become part of the fund or funds from which the earnings are realized.

(i) The legislature, by law, may transfer money from the general revenue fund to any of the funds created under this section.

(j) Any bonds guaranteed by the full faith and credit of the state that are authorized by this constitution but are unissued on the effective date of this section, if otherwise authorized to be issued under this constitution, may be issued bearing a net effective interest rate not to exceed 12 percent per annum, or, if a net effective interest rate higher than 12 percent per annum is approved by law enacted by an affirmative record vote of two-thirds of the members of each house, not to exceed the higher rate approved. For the purpose of this subsection, the net effective interest rate shall be determined in the manner provided by law for bonds issued by cities.

(k) Laws may be enacted in anticipation of the adoption of this section.

Sec. 2. This proposed constitutional amendment shall be submitted to the voters at an election to be held on November 3, 1981. The ballot shall be printed to provide for voting for or against the proposition: "The constitutional amendment authorizing the use of a portion of the excess revenues of the state for water development, water conservation, water quality enhancement, and flood control purposes; authorizing the use of the state's credit, not to exceed five hundred million dollars, to guarantee the bonds of cities, counties, towns, and other units of local government in the financing of projects for such purposes; increasing the interest rate

## **PROPOSED CONSTITUTIONAL AMENDMENTS**

that may be paid on previously approved but unissued state bonds; and authorizing a program to retire state bonds."

Passed by the House on July 15, 1981: Yeas 114, Nays 19, 0 present, not voting; House concurred in Senate amendments to H.J.R. No. 6 on August 3, 1981: Yeas 117, Nays 23, 1 present, not voting; Passed by the Senate, with amendments, on July 30, 1981: Yeas 23, Nays 7.

Approved Aug. 14, 1981.

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